ability of State Governments to improve the quality of primary education, public health, and so on;

(c) whether the subsidy goes disproportionately to the non-poor and better-off sections of the society; and

(d) if so, the action Government propose to take to rectify the bias of power subsidy?

THE MINISTER OF POWER (SHRI P.M. SAYEED): (a) and (d) As per the Planning commission Report, the State Governments paid Rs. 8339 crores as subsidy to the power utilities in year 2001-2002.

The Electricity Act, 2003 provides that the State Electricity Regulatory Commissions have the powers to fix tariff for sale of electricity to consumers. However, if the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Electricity Regulatory Commissions (SERCs), the State Government shall pay to the concerned utility/licensees the full amount required to compensate the grant of subsidy. Thus, the matter of providing subsidy in tariff to a class of consumers is exclusively in the domain of the State Government.

World Bank Electricity loans to States providing free power

2323. SHRIMATI BIMBA RAIKAR: Will the Minister of POWER be pleased to state:

(a) whether in view of the pro-poor commitment of CMP, the World Bank has almost doubled its leanding to $3.00 billion a year to India's power projects;

(b) whether it is a fact that the World Bank is now seriously considering scrapping of electricity loans to States offering free power supply to agriculture; and

(c) the Government's reaction thereto?

THE MINISTER OF POWER (SHRI P.M. SAYEED): (a) No, Sir.

(d) The Bank is not willing to consider structural adjustment or bud get support loans for states that follow a free power policy. However, this

does not affect Bank's wilingness to provide support to other sectors, including the energy sector, where free power is not a relevant issues for the Bank.

(c) The Bank has its own approach for lending.

The Electricity Act, 2003 provides that the State Electricity Regulatory Commissions have the powers to fix tariff for sale of electricity to consumers. However, if the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Electricity Regulatory Commissions (SERCs), the State Government shall pay to the concerned utility/licensees the full amount required to compensate the grant of subsidy. Thus the matter of providing subsidy in tariff to a class of consumers is exclusively in the domain of the State Government.

Shortage of power due to low rainfall

2324. SHRIMATI S.G. INDIRA: Will the Minister of POWER be pleased to state:

(a) whether it is a fact that the low rainfall during this monsoon could result in a marginal power shortage in the country;

(b) if so, the details thereof;

(c) whether it is also a fact that the Government are considering to encourage more projects to enhance the generation capacity by 1,00,000 MW by 2012;

(d) if so, the details thereof; and

(e) whether it is also a fact that by September 16 projects with a total capacity of 12,000 MW would have achieved financial closure?

THE MINISTER OF POWER (SHRI P.M. SAYEED): (a) and (b) Generation from hydro power stations is dependent upon the pattern of rainfall in the catchment areas and reservoir level/inflows in the reservoirs of reservoir based hydro power stations. This year, due to inadequate rainfall, generation from hydro power stations has been marginally affected. As against generation target of 33, 737 MUs for the period 1st April 04 to 17th August 2004, hydel geneaation has been 33,001 MUs represent-ing a shortfall of 736 MUs *(i.e.* 2.2%). The shortfall in hydel generation